

CANADIAN COTTONS
LIMITED

MONTREAL, CANADA

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Twenty-fourth
ANNUAL REPORT

for Year Ended

March 31st

1934

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CANADIAN COTTONS, LIMITED

Operating

ONTARIO MILL, HAMILTON, ONT.
STORMONT MILL, CORNWALL, ONT.
DUNDAS MILL, CORNWALL, ONT.
CANADA MILL, CORNWALL, ONT.
ST. CROIX MILL, MILLTOWN, N.B.
GIBSON MILL, MARYSVILLE, N.B.

Subsidiary

CORNWALL AND YORK COTTON MILLS COMPANY, LIMITED
SAINT JOHN, N.B.

Operating

CORNWALL MILL YORK MILL

OFFICERS

A. O. DAWSON, LL.D.	<i>President and Man. Director</i>
GEORGE CAVERHILL	<i>Vice-President</i>
R. G. TOLMIE	<i>General Manager</i>
HUGH M. WATSON, A.C.I.S.	<i>Secretary</i>
K. L. HAMILTON	<i>Treasurer</i>

DIRECTORS

SIR H. MONTAGU ALLAN, C.V.O.
W. A. BLACK
GEORGE CAVERHILL
A. O. DAWSON, LL.D.
F. E. MEREDITH, K.C., LL.D.
W. J. MORRICE
R. G. TOLMIE

TWENTY-FOURTH ANNUAL REPORT OF THE
DIRECTORS OF CANADIAN COTTONS, LIMITED,
AS PRESENTED TO THE SHAREHOLDERS AT
THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL AT 12 NOON, MAY 14TH,
1934.

To the Shareholders:—

Your Directors have pleasure in submitting herewith your Company's twenty-fourth Annual Report, together with Balance Sheet as at March 31st, 1934, and Profit & Loss Account for the twelve months' period ended on that date.

Net profits from operations and income from investments amounted to \$342,368.23, as compared with \$90,736.45 for the previous year—an increase of \$251,631.78.

Current assets amounted to \$6,260,426.67, and current liabilities totalled \$1,359,748.99, giving a net working capital of \$4,900,677.68, as compared with \$4,271,052.91 for the previous year.

After the payment of 6% dividends on the Preferred Stock of the Company, amounting to \$219,690.00, and also the payment of two dividends of \$1.00 each per share on the Common Stock, amounting to \$54,310.00, there remained the sum of \$68,368.23 to carry to the credit of the Profit & Loss Account, as compared with \$128,953.55 that had to be deducted from the surplus at credit of Profit & Loss Account in the previous year.

The improvement in the financial position of the Company, as revealed in the statements herewith, is due to the general upturn in business in Canada and in the world at large during the year 1933-1934, enabling the running of your mills to about 80% of capacity as compared with about 52% of capacity during the preceding year. It is quite evident, therefore, that the success of this important Canadian industry depends very largely on the number of loom hours it is found possible to operate.

The Company's new year beginning April 1st, 1934, opened up with some promise, though it is problematical as to whether it will equal the year now under review, for the following reasons:—

1. Your Directors, believing that those giving their lives to this industry should share in its prosperity, have decided to restore to all employees one-half of the 10% cut that they were subjected to on April 1st, 1933. This

advance came into effect on May 1st, 1934, and will absorb about \$150,000 of the Company's profits per annum.

2. Competition from Britain is becoming increasingly difficult to meet, due largely to the much lower wages paid in the British mills and also because many lines of English cotton goods are being sold in this market under the cost of production. England, having lost to the Japanese much of her export trade, is endeavouring to regain same by naming prices that must be unprofitable to her industry. These British textile prices your Company must meet if sufficient business is to be maintained to permit your mills being operated profitably.

3. The situation has been further aggravated by a cut of 50% in the excise tax on British goods, made at the time of the bringing down of the last Budget. The old excise rate was 3%, the new rate is 1½%. This reduction in the excise tax is in addition to a cut made at the time of the Ottawa Conference of 33-1/3% in the specific import duties on cotton goods made in the United Kingdom.

It is with the greatest of sorrow that your Directors have to record the death of the Hon. F. L. Beique, K.C., Vice-President of your Company, which occurred in September, 1933. Senator Beique was a valued member of your Board from its inception until the time of his death. During all the years his wise counsel and his fine judgment were devoted to the interests of the business. Senator Beique, through having set for himself and his associates a high standard of business morality, has made a valuable contribution to his own and succeeding generations.

The vacancy on the Board occasioned by the death of Senator Beique has been filled by the appointment of Mr. F. E. Meredith, K.C., LL.D., of this city.

Your Directors wish to extend their very sincere appreciation to the officers and employees of the Company for the earnest way in which they applied themselves to their tasks throughout the year.

The books and accounts of the Company have been duly audited, and the Auditor's Report is submitted herewith.

A. O. DAWSON,

President.

Montreal, May 14th, 1934.

CANADIAN CO

BALANCE

YEAR ENDED M

ASSETS

Cash on Hand and in Bank \$	72,744.42	
Open Accounts and Bills		
Receivable (Net Cash		
Basis) Less Reserves....	1,145,682.48	
		\$ 1,218,426.90
INVENTORIES of Merchandise and Supplies	1,735,676.87	
INVESTMENTS — Dominion Government		
Bonds, Corporation Bonds and Shares,		
at not exceeding Market Value.....	3,306,322.90	
<u>TOTAL CURRENT ASSETS.....</u>		<u>6,260,426.67</u>

Canadian Cottons, Limited, Bonds in		
Treasury and for Sinking Fund at cost	144,707.97	
Shares in Subsidiary Companies.....	3.00	
Prepaid and Deferred Charges—Insurance,		
Taxes, etc.....	75,301.55	

CAPITAL ASSETS

Mills, Plants, Properties, etc.....	10,013,064.53
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\$16,493,503.72

Montreal, April 20th, 1934.

Audited and verified as per Certificate attached:

C. W. BAKER, Chartered Accountant, (of Baker, Birnie & Co.)

TONS, LIMITED

HEET

31ST, 1934

LIABILITIES

Open Accounts and Bills Payable (including Tax Reserve).....	\$ 994,149.94	
Employees Benefit Funds..	262,521.55	
Bond Interest & Dividends Accrued.....	103,077.50	
<u>TOTAL CURRENT LIABILITIES</u>	\$ 1,359,748.99	
<u>BONDS</u> —5%, due 1940....	\$5,000,000.00	
Less Redeemed.....	3,002,860.00	
		1,997,140.00
<u>RESERVES</u>		
Depreciation.....	\$4,200,000.00	
Special Replacements....	600,000.00	
		4,800,000.00
<u>CAPITAL STOCK</u>		
Preferred—Authorized...	\$4,500,000.00	
Issued.....		3,661,500.00
Common—Authorized...	3,500,000.00	
Issued.....		2,715,500.00
<u>SURPLUS</u> —Balance March 31st, 1934..	1,959,614.73	
		<u>\$16,493,503.72</u>

APPROVED:

A. O. DAWSON
GEORGE CAVERHILL } *Directors*

HUGH M. WATSON,
Secretary

CANADIAN COTTONS, LIMITED

MANUFACTURING AND PROFIT AND LOSS STATEMENT

FOR YEAR ENDED MARCH 31ST, 1934

Profit from Operations after providing for Bad Debts, Depreciation and Govern- ment Taxes.....	\$276,408.62	
Miscellaneous Revenue.....	147,607.61	
		<u>\$ 424,016.23</u>
DEDUCT:		
Interest on Bonds.....		<u>81,648.00</u>
Net Profit for the Year.....		342,368.23
Dividends paid on 6% Pre- ferred Stock.....	219,690.00	
Dividends paid on Common Shares.....	54,310.00	
		<u>274,000.00</u>
Balance to Surplus.....		68,368.23
Surplus Balance March 31st, 1933.....		<u>1,891,246.50</u>
Surplus Balance March 31st, 1934.....		<u><u>\$1,959,614.73</u></u>

To the Shareholders,

Canadian Cottons, Limited.

I have examined the Books and Accounts of Canadian Cottons, Limited, for the year ended March 31st, 1934. I have verified the Cash in Bank and the Investment Securities and the Revenue therefrom.

I have obtained all the information and explanations required, and now certify that, in my opinion, the attached statements and balance sheet, based upon the certified inventories presented, are properly drawn up so as to exhibit a true and correct view of the year's operations and of the state of the Company's affairs at its close, according to the best of my information and the explanations given to me and as shown by the books of the Company.

C. W. BAKER,

Chartered Accountant,

(of Baker, Birnie & Co.)

Montreal, April 20th, 1934.

CANADIAN COTTONS, LIMITED

Manufacture

DENIMS	COTTON TWEEDS
COTTONADES	COTTON SUITINGS
CASSIMERES	PANTINGS
COVERTS	BEDFORD CORDS
AUTOMOBILE FABRICS	WHIPCORDS
MATTRESS TICKINGS	
AWNING FABRICS	
SHIRTINGS	APRON GINGHAMS
GALATEAS	NOVELTY DRESS FABRICS
DRESS GINGHAMS	NURSES CLOTHS
CHAMBRAYS	RIPPLETTES
ARTIFICIAL SILK FABRICS FOR DRESSES, LININGS AND LINGERIE	
FLANNELS	COLOURED FLANNELETTES
BLEACHED FLANNELETTES	MOTTLED INTERLININGS
NAPPED SHAKERS	SILENCE CLOTHS
TIE LININGS	EIDERDOWNS AND
NAPPED SHEETINGS	ROBE CLOTHS

COTTON BLANKETS

YARNS—UNBLEACHED, BLEACHED AND
COLOURED HOSIERY YARNS
WARP YARNS

EXCLUSIVE SPINNING RIGHTS IN CANADA FOR
VISTRA FIBRE—"SASE" YARNS.



